Minutes of Hearing

Before Committee on Railroads and Transportation
of the Pittsburg Chamber of Commerce

Subject:

Discriminatory Freight Rates on Pittsburg Coal to Lake Erie Ports

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Held in

Chamber at Pittsburg, Pa.
January 7, 1911

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THE LAW.

Section 1 of the Federal Act to regulate commerce says:

It shall be the duty of every carrier subject to the provisions of this Act to provide and furnish such transportation upon reasonable request therefor, and to establish through routes and just and reasonable rates applicable thereto.

All charges made for any service rendered or to be rendered in the transportation of passengers or property as aforesaid, or in connection therewith, shall be just and reasonable, and any unjust and unreasonable charge for such service or any part thereof is prohibited and declared to be unlawful.

Section 13. That any person, firm, corporation or association, or any mercantile, agricultural, or manufacturing society, or any body politic or municipal organization complaining of anything done or omitted to be done by any common carrier subject to the provisions of this Act in contravention of the provisions thereof, may apply to said Commission by petition, which shall briefly state the facts; whereupon a statement of the charges thus made shall be forwarded by the Commission to such common carrier, who shall be called upon to satisfy the complaint or to answer the same in writing within a reasonable time, to be specified by the Commission. If such common carrier, within the time specified, shall make reparation for the injury alleged to have been done, said carrier shall be relieved of liability to the complainant only for the particular violation of law thus complained of. If such carrier shall not satisfy the complaint within the time specified, or there shall appear to be any reasonable ground for investigating said complaint, it shall be the duty of the Commission to investigate the matters complained of in such manner and by such means as it shall deem proper.

Said Commission shall in like manner investigate any complaint forwarded by the railroad commissioner or railroad commission of any State or Territory, at the request of such commissioner or commission, and may institute any inquiry on its own motion in the same manner and to the same effect as though complaint had been made.

No complaint shall at any time be dismissed because of the absence of direct damage to the complainant.

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The Interstate Commerce Commission in the case of *Corporation Commission of the State of North Carolina vs. the Norfolk and Western R. R. Company et al,* (Opinion No. 1375, decided June 7, 1910) says:

"It is well settled that distance is always a factor to be taken into consideration in the determining of either the reasonableness of a rate by itself or in considering its relation to rates to other points; but it is equally well settled that distance alone is not controlling. Competition is an important element, and there are various other considerations, all of which must be taken into account in determining the fact whether a particular rate or a system of rates is or is not reasonable. Shippers and receivers of freight are entitled as a matter of law to rates that are reasonable and that do not operate to unduly discriminate against them."

Again in the same opinion the Commission says that it is argued that because rates are made on the zone system any reduction of rates would affect and disturb rates to a number of points in a wide extent of territory, and adds:

"Because defendants have constructed a system of rates on the zone or blanket system * * * is not reason sufficient, in our judgment, to justify the collection of unreasonable charges to any point. Every city is entitled to the advantage of its location and may not lawfully be subjected to high freight rates merely because carriers, for reasons of convenience or otherwise, include it with a number of other points in surrounding territory, which latter points are not similarly situated."

RAILROAD AND TRANSPORTATION COMMITTEE.

Wm. H. Stevenson.....*Chairman*
A. J. Bihler.....*Vice-Chairman*
Ira Bassett.....*Traffic Manager*
Logan McKee.....*Secretary*

H. W. Dunlap, Jas. A. Henderson, C. Phillips Hill,
A. M. Scott, Edw. Snodgrass, Jr.

Mr. Stevenson: Gentlemen, this meeting has been called by the Railroad and Transportation Committee of the Chamber of Commerce of Pittsburg. A communication was written the President of the Chamber last June, complaining of the situation here in regard to the coal rates for the Pittsburg District. The president of the Chamber referred those communications to the Railroad and Transportation Committee. On account of some other very important matters that were before the committee, the question had not been taken up until very recently, and it finally evolved into this meeting.

Now the Railroad and Transportation Committee of the Chamber want to be fair to all sides of this question. We are not criticising anybody; but we know that the discriminations against the coal interests of this section have been so acute that something must be done. And for that reason, this is in the nature of a hearing before this committee. We are here, the committee is in the room and we are anxious to hear both sides. We want to hear the side from the coal industry first.

Now, the statement is made that the discrimination against the coal interests in the Pittsburg District is going to crucify the coal business. Now we want to know that, because it is of great interest to the entire community. And so that you will distinctly understand the position of this committee, I want to repeat, that this is in no sense a meeting of the Chamber of Commerce, but it is a meeting with the Railroad and Transportation Committee. You gentlemen have been invited to come here and give us your side of the question. We expect to be as fair as we can be and we will be fair. If any action is taken afterwards by the Chamber of Commerce, it will be after a thorough investigation by the committee. And I am satisfied that a fair report will be made to the Chamber. And, if such report is made, no doubt it will be adopted by the Chamber. I would like to call on Mr. Boileau to make a statement before the meeting.

MR. BOILEAU'S ADDRESS.

MR. JOHN W. BOILEAU: Mr. Chairman, Members of the Committee on Transportation and Railroads: In filing this complaint I did not do it until after I had investigated very thoroughly the conditions existing as to the relation of the different coal fields from which the tonnage originates that is shipped to the Lakes. I went to work and prepared a map showing the bituminous coal fields and the ore bodies as they have similar relations to one another. I will explain as best I can their physical relations by pointing out the fields.

(Mr. Boileau then explained the map.)

We all sincerely thank the Transportation and Railroad Committee for the privilege of presenting our grievances in this freight rate situation.

During the early part of the past decade there was much opposition to industrial organization and it was a mistaken resistance as to what at present proves to be a permanent benefit. Far be it from me to in any way hinder the progress of a great corporation that is necessary for our industrial evolution, but if the capitalists who control our large railroad interests permit selfish motives and arbitrarily develop the territory more remote from markets and centers of consumption, and if they discriminate in the matter of freight rates, then these corporations are not managed with proper regard to the public as a whole. Some railroads seem to have entirely lost sight of the masses.

The parties concerned in the freight rate situation are certainly not hostile to wealth or to the railroad interests. This is no crusade against the railroads, but the time is here for an adjustment of the unfair conditions that are prevalent in the territory covered by the Pittsburg coal bed, the most persistent and valuable bed of coal in existence.

Our coal and coke and iron and steel interests want the natural position we have to be considered by the railroads when they make table of charges for services rendered. In the assembling of the ore, the coke, the limestone, and the coal, and the shipping of coal to the Lake markets, our position has meant but little compared with the service rendered the fields more remote in West Virginia, Virginia and Kentucky.

Reason as you may, our industrial supremacy and activity depends upon our holding the advantages our natural position gives us.

For the past fifteen years I have watched the development of this section and during the entire time I have kept much data on the Railroad and coal situation. The Railroads are the medium by which our valuable fuel reaches the points of consumption. The Railroad has been the favored one in the past. Rebates used to be in vogue, but I dare say that there is but little direct rebating being done at the present day. It is other advantages that prevail.

The present question is the wide discrimination made by the Rail-

roads in the Appalachian coal fields. It is no doubt true in other fields. Different conditions and influences prevail in every particular mining district. In some cases the traffic men and other officials of the Railroads are to blame. Some times they are personally interested and in a selfish way have forgotten the masses, but it is usually the powers higher up that are responsible for such unjust conditions, and as we are meeting here today to ask for a correction of such evil, they frown and they say we are trying to tear down their great institutions. Just wait until half of the case is presented and they will see cause for our complaint.

What has resulted because of this selfish attainment? As officials and directors of those organizations they are largely serving themselves or coal companies in which they are interested. They are not serving the outside party who holds their securities. It is said that certain Lake coal service is being rendered by Railroads at less than actual cost of such service. If this is rendered in the interest of individuals or corporations why should it not be corrected? Any official of the Railroads or Coal Companies who does not hold the interest of the stockholders of that Corporation in an honorable manner should be dealt with in the proper way.

Every coal operator of the Pittsburg and Ohio and Pan Handle fields is duty bound to aid in the correction of this coal freight rate situation. Almost every ton of coal going to Lake Erie or for Lake shipment or consumed along the front of Lake Erie should be mined from the counties of Western Pennsylvania, West Virginia Pan Handle, and Eastern Ohio, and I am certain would be mined there if they had the proper freight rate in proportion to service rendered. Because of favorable conditions existing in the Fairmont field they naturally would get a share of the tonnage.

We have the spectacle of coal being hauled 490 miles for $1.12 and coming in competition with coal being hauled 160 miles at 88 cents per ton. In other words, Pittsburg pays to the Lakes 5.5 mills per ton per mile, while New River District pays approximately 2.3 mills per ton per mile. The Railroad man reasons that $1.12 is 24 cents more than 88 cents. Similar reasoning and selfish influences has caused the West Virginia District during the past ten years to increase at the rate of 74% per year in its coal tonnage to the Lakes; while Pittsburg has only increased, from 1901 to 1910 inclusive, about 22% per year, and during the same period the Ohio District has only increased about 12% per year. In other words, West Virginia had a shipment of less than 800,000 tons in 1901, while in 1910 she had almost nine times that tonnage.

If these conditions are corrected or equalized along fair lines and the selfish-gainspirit of some interests eliminated, there will be no excuse for the antagonistic attitude of the people toward the transportation companies of this country. If they put into force policies that are not right, let them suffer for it. How little consideration some of the hard-

faced corporation interests give the operator, and as in the case in this section many of the operators would like to present their case, but because some of the favored ones do not take the initiative, the little independent operator can do nothing but hold his tongue. He is not content with this position and condition. He has seen 850,000,000 tons of coal taken out of the Pittsburg-Connellsville field during the past 10 years, and during the entire time there has been no extra large earnings on the coal.

It was our high grade steam and gas coal. A ton of coal was sold but for little more than what it would cost to dig and handle a wagon load of dirt. Why is this? Is it because of our great industrial interests between here and the Lake front would not stand a higher price for the coal? Is it because the Railroads could not operate if they paid much more than a little over a dollar to $1.15 for their own coal? Is it because the coal operators in this District need a guardian in order to conduct their business? It is because these unfair conditions exist in a multitude of ways.

Should the Fairmont District ship coal to the Lake front for the same dollar as the Connellsville operator would pay if he shipped coal from the Lower Connellsville field? He does not ship any at this time but the rate is there just the same, but, with the call for by-product coke and the changes in our industrial position, it is a matter of time until he will ask to ship coal.

Fairmont District, as you see on the map, is about 70 miles farther away. There are heavy grades out of the Fairmont field, while we have an easy grade between here and Lake Erie.

From the Fairmont field the Railroads will haul coke into Cleveland for the same price they haul it from the Connellsville field to the same point. The Fairmont District has a 20 cent per ton better freight rate east than the Connellsville field, although the distance is no greater.

A detailed study of the situation shows that the Pittsburg coal field is located at and nearest the largest fuel consumption in the world, giving it, because of that, a corresponding value. Leaving out Indiana and Illinois, 100,000,000 tons of coal or more is distributed from the Lake Ports annually. Indiana, Illinois and Iowa furnish a part. Then there is the anthracite tonnage.

The analysis of the freight rates indicate that an adjustment is imperative in order that the coal rates may be reasonable and equitable. An adjustment of equal rates per ton per mile will add value to every acre of our Pittsburg coal bed. We should receive a freight rate in proportion to service rendered, and at the same time other conditions should be considered.

We have on the map the Districts, the average distance and the present freight rate F. O. B. Lake front, the rate mills per ton per mile

charged, and what it should be if the rate was made 3½ mills per ton per mile.

From the table you will see that the local rates of the Pittsburg District, including Shenango and Mahoning Valleys, are based on 8 to 10 mills per ton per mile. That Railroad freight rates, per ton per mile, from the Pittsburg District are now 50% greater than from the Fairmont District, and are from 90 to 100% greater, based on distance hauled and service rendered, than from the Kanawha, Thacker, Big Sandy, New River and Pocahontas Districts.

That either the management of the Railroads hauling the coal from these coal fields are losing money on the traffic and in that manner dissipating the money of their stockholders or that the railroads entering the Pittsburg District are taking from the owners of Pittsburg coal lands at least 30 cents per ton, or from $2,000 to $3,000 per acre. It is common knowledge that hauls of over 100 miles on coal traffic give dividends to Railroad stockholders when the charge is not in excess of 3½ mills per ton per mile.

An average round trip distance from the Pittsburg District to the Lakes is 320 miles — easy grades and no sharp curves. Return ore haul if provided, giving a total revenue of approximately $1.75 for the round trip of 320 miles.

The round trip from the Fairmont field is 500 miles; the revenue being for a large portion of the traffic 97 cents or $1.00 for 500 miles haul on account of cars returning empty.

The round trip from the other fields is: — Hocking 440 miles, Kanawha 620 miles, Thacker 760 miles, Big Sandy 820 miles, Pocahontas 910 miles and the New River field 980 miles. The revenue for a good portion of this traffic, on account of the empty return hauls, is 85 cents, 97 cents, 97 cents, 97 cents, $1.12, $1.12 and $1.12 respectively.

It is clear that the rates must decrease on Pittsburg coal to the Lake, the demand for which is enormous, and is now growing at the rate of 22% annually. The re-adjustment of freight rates is imperative. Whether the increased iron and steel products are manufactured in the Pittsburg District or on the Lake front at any point on the Great Lakes, the fuel used will be largely Pittsburg coal.

If 3½ mills per ton per mile would be agreed upon as a base and multiplied into average distances, the rate from Pittsburg to Lake Erie on Lake coal should be 56 cents per ton; Pittsburg No. 8, .525 cents per ton; Fairmont, 87½ cents per ton; Hocking, 77 cents per ton; Kanawha, $1.08½ per ton; Thacker, $1.33 per ton; Big Sandy, $1.43 per ton; Pocahontas, $1.59½ per ton, and New River, $1.71 per ton.

Can the Railroads afford to haul a 45 ton car of coal from the Pittsburg District to Lake front for less than their present charge — $39.60. If other roads can pay dividends on 3 mills per ton per mile with the disadvantage of single track, sharp curves, heavy grades, much delay in

handling traffic, I do not see why roads that have every natural advantage cannot give us a freight rate compared with that in force from those districts more remote. We have the heaviest tonnage district in the country and pay heavy freight rates. One-tenth of the total freight tonnage of the United States originates in or passes through this District. We are paying for some other Districts that are not so flourishing in traffic but still maintain a railroad. Our District gives the greatest return of profit to the Railroads traversing it. Whether they can haul coal to the Lake at 20 cents per ton and come out even, or 40 cents and make a profit, that is to be figured out. The Railroads of this District get 88 cents per ton for hauling coal to the Lakes, and a little figuring will determine how much they make on each 45 ton car if proper allowances for administration, depreciation, and full charges are made. If it could be hauled for 20 cents per ton that would be $30 per car profit. Look at the annual reports and the statements made. Look at the dividend paying and then ask whether we are to allow 90,000,000 tons of coal go out of this District per year with but little return to the operator. Many an operator has not figured his first investment, but sells his coal at any price that he can get. The taking of the markets away from us has mainly caused this condition. There has been increased production in all districts, but there has been increased consumption and we are not getting our share of it.

We should furnish Ontario with coal through reciprocity, but for some reason or other, railroad influences and even some of our larger producers are not anxious to have this done. The reason is very evident. It would hurt some interests that have railroad affiliations.

Some interests do not want these rates from the various Districts disturbed. They think if they are the relation of the shippers in the central part of the State of Pennsylvania will not be the same as at the present time.

Nova Scotia coal, while of inferior quality, could be used in the New England States. We could send 8 or 10 million tons a year to Ontario. It might lose some tonnage to certain coal interests but the masses would benefit. The unfavored operator and the consumer have rights that must be properly regarded and respected.

We need more men like L. D. Brandeis. He told me of the great amount of ignorance displayed in these traffic conditions. Mr. Brandeis spent 16 years in the work for the uplifting of the masses without receiving a fee. Wall Street with the growth of special interests at the expense of the common people, is not countenanced by him. He has already shown the Railroad people that they should practice economies and analyze commercial conditions fairly and they would not have to advance freight rates and would still have a fair margin of profits over what they would have if advanced and left to the present operating conditions.

This Lake coal situation cannot be blamed upon ignorance. This situation is well known to the Railroads and it must be explained. When the Railroads were giving their testimony in support of rate increases, amazing ignorance of the situation was displayed, and the conditions that prevail in this District, because of this discrimination, are as absurd as in that case.

Every consumer in the Pittsburg and Lake Districts should be interested in this freight matter. Our local rates are shown on this map and it certainly looks high for service rendered. The Railroads are not to blame for all these unfair conditions. The operator is to blame for part of it. But whether operator or railroad people and these conditions prevailing, I sincerely trust that the Transportation and Railroad Committee of this Chamber of Commerce goes into it and adjusts the whole situation. It cannot be done in a month, but this question must not be allowed to sleep. If so, just so long will we be in the position we are in.

Over in Allegheny the consumer pays $1.87½ per ton for his coal, as a result of some local conditions here and influences, together with transportation charges. That condition cannot be remedied until there is a regular adjusted charge for our local plants. We cannot expect diversified industries with this situation. 70 miles away in Youngstown, Ohio, with a 10 mills per ton per mile charge, or 70 cents per ton, they pay $2.65 per ton for their coal, produced by the same Companies that ship coal to Allegheny. Considering the service rendered in the haul and the taxes, Mahoning and Shenango Valleys are a better place for the industrial plant.

This question is not by any means new. The Pittsburg Coal Operators' Association last year undertook to do something, but for some reason, possibly influence, the matter has been pigeon holed. They made the statement that the freight rate on coal from the Pittsburg District to the Lake front has never been properly related to existing district conditions or properly considered in relation to conditions in other Districts, especially since the large and distant coal fields of West Virginia and Eastern Kentucky have been developed, the tonnage of which is not directed to Lake markets in competition with coal produced in the Pittsburg District; and the maintaining of present differential rates based on present conditions in all districts is in effect an increase of the open rate from the Pittsburg District.

The high freight rate charge on coal and coke from the Pittsburg and Connellsville Districts to their ultimate markets necessitates the acceptance of an unprofitable price in order to meet competition from these lower freight zones, which fact is proved by the annual reports of several of our large coal companies.

In this District we are going further into the hills for our coal, sinking deep shafts, and with other conditions imposed on us, together with the discrimination in freight rates, makes the southern West Vir-

ginia, Virginia, and Kentucky fields easy competitors, as the conditions there are cheap mining rates, mainly outcrop coal, cost of development small, and with every inducement to reach a market in competition with our coal in their favor.

What we want is equitable freight rates; while we believe that existing conditions are too high, measured by the cost of this furnishment, we ask that our rates be equitable as measured by the rates accorded to our competitors in the same markets.

As an illustration of what we have to contend with, let me cite a fact that in itself speaks volumes in condemnation of our transportation companies. Coal that goes to the shores of Lake Erie for loading on boats for transport to upper Lakes bears a freightage charge of 88 cents. If after it reaches there it is diverted to local fueling in any of the cities of fueling towns it bears an additional charge of 10 cents in freightage and an additional charge of not less than $1.00 for switching, and if it is loaded on a boat that carries a cargo for itself under propulsion, it is charged $1.03 rate, although the coal for the three uses may come from the same mine and be hauled by the same locomotive.

Another fact and I will conclude, coal and iron and steel products pay the biggest profit of any freight hauled by the railroads. This is because it is loaded by the shipper and unloaded by the receiver, both of which have terminals of their own, so that all the railroads are obliged to do is to hitch a locomotive to the train, which is commonly made up at the mines or mills and haul it to destination. On merchandise freight box cars are a necessity, so are warehouses in which to store it until loaded to keep it safe from wind and weather, thief or other and until it is taken out by the consignee. The bulk of merchandise freight precludes any such tonnage per car as with coal, or ore, or pig iron or steel, hence the earnings per ton per car load are much less for merchandise freight, besides there are the liabilities for damage in transit due to any one of a number of causes, while with coal and coke, limestone, ore, pig iron and steel there is little damage even in a wreck, for the coal can be gathered up and used by the railroad itself for fueling its locomotive, the coke for fueling the foundry and in switching locomotives in city limits, and the ore can be mostly gathered up and loaded on another car, and so with the pig iron and steel. So on those commodities which Pittsburg mostly ships there is a maximum of profit at a minimum of cost to the transporters.

Many times have these questions been before the Railroads and in some cases attention has been promised, but some of the operators seem to think that the railroads think they have a vested right to keep their hands in the pockets of the shippers who furnish them the means of paying their cost of operation and of dividends and surplus funds, from which they buy other roads, make large improvements, build fine

terminals, and with this before us we think it is time we were being given some consideration.

I thank Chairman Stevenson and his Committee, and sincerely trust that proper action will be taken toward correcting the situation.

CHAIRMAN STEVENSON: Are there any questions that any one would like to ask Mr. Boileau while he has the floor? Or are there any questions in regard to the maps or the figures that he has presented?

MR. BOILEAU: May I make a statement? This is a very heavy question. I have a stack of information as high as the table and as large. It is a broad question but we have a man with us here who will, I think, analyze the whole situation as he has spent years on it and I would rather that you would ask him the questions than to ask me.

CHAIRMAN STEVENSON: Do you refer to Mr. Manington?

MR. BOILEAU: Yes, sir.

CHAIRMAN STEVENSON: Mr. Howard D. Manington of the Ohio Operators Association is with us today and I will call upon him to make his statement.

MR. MANINGTON'S ADDRESS.

MR. MANINGTON: Mr. Chairman, Gentlemen of the Committee and Gentlemen: The question as to the reasonableness of the rate on lake coal from the Pittsburg District is purely and simply a question of mathematics. The rate is either reasonable or unreasonable. It may be unreasonable in itself or unreasonable by comparison with other rates for similar service.

Of all the districts furnishing lake coal Pittsburg has about the shortest haul. It is true the haul on the several lines from the Pittsburg district reaching lake ports is not the same, but for comparative purposes it is practically the same haul to the ports, so that the consideration of one lake rate would in a large measure be applicable to the other lake rates, granting that there are other differences which should be given due consideration.

From my understanding of the matter the Pittsburg operators were the first to make complaint against what has been, by coal operators, deemed to be unreasonable freight rates; and yet the operators of this district have been the last to take any affirmative action looking toward a reduction of such rates. I am not undertaking to say why this is so because I frankly confess I do not know. Certain it is that no change in rates beneficial to the coal interests of this district has occurred since complaint was first made.

Over in Ohio we have made some progress in our lake rate as well as in our commercial rate controversy. Our first case was that submitted about a year ago to our Railroad Commission and decided by that body in February, 1910. The rate under challenge was the lake rate on the Wheeling & Lake Erie from the Pittsburg No. 8 District. You doubt-

less recall that the Commission reduced this rate 22½%, or specifically from 90 cents to 70 cents f. o. b. vessel. In determining this question the Commission considered the cost of moving the coal which was found to be 40 cents per ton, and likewise compared the defendant's rate of 90 cents with the proportional rate which the Pennsylvania Company receives on the Norfolk & Western coal over the "short line" from Columbus to Sandusky which is 32.6 cents per ton for a haul of 110 miles, holding this proportional rate to be compensatory. The Commission held in that case that the real justification for the acceptance by one railroad of a proportional rate of less than its charge for the same haul on an originating commodity is the elimination of terminal expense. The Pennsylvania Company receives the coal in question from the Norfolk & Western at Columbus, usually in trainload lots, therefore, the initial expense of the Pennsylvania Co. is less than it would be if it had to collect this coal from the mines and consolidate and classify it into trains; to that extent, and no more, said the Commission, is the Pennsylvania Co. justified in charging a proportional rate less than the local rate where initial expense is involved. You will note that the Pennsylvania is receiving coal at Columbus from West Virginia for much less than half it charges Pittsburg operators though the two coals are competitors for the same market. The Commission then went on to argue that the 85 cent rate (with 5 cents for unloading) on coal in carload lots from the No. 8 District to Huron on the Wheeling & Lake Erie, an average distance of 155 miles, yields an average revenue of 5.48 mills per ton mile. The evidence disclosed that the average coal-train tonnage was between 1500 and 1600 tons net. By taking 1400 tons as constituting the net tonnage per train the average train-mile revenue on coal from the No. 8 District to Huron is $7.67. The annual report of the Wheeling & Lake Erie for the year ending June 30, 1909, showed that the average freight train-mile earnings of that road for the year was $3.18 to which the Commission added 40% to cover movement of empty equipment and found that the average train mile revenue for loaded trains was $4.45 which included all classes of freight, high as well as low, long and short haul. Our commission stated that it is a long established practice and policy of carriers that low-classed freight be taxed proportionately less than high-class; that long hauls should be less per ton mile than short hauls; hence it follows that the average train-mile revenue should be greater than the train-mile revenue derived from the transportation of low-class, long haul freight; but in this case the Commission found the singular anomaly of a long haul on freight of the lowest class yielding more than the average on all commodities. This may, or may not, be true with respect to lines serving the Pittsburg district. The Commission dwelt for some time upon this phase of the receipts and said:

"Possibly the average per ton mile revenue is too low; and as a consequence, the total revenue derived from freight transportation is not adequate; but the

fact that the total revenue does not bear the correct relation to the total cost, is no justification for the imposition on a particular movement, or a particular commodity more than its equitable proportion in the attempt to make up the deficit."

Much stress was laid by defendant in this case upon the theory that a reduction in the No. 8 lake rate would be followed by similar reductions from the West Virginia fields, so as to prevent an increase in shipments from the No. 8 field, such, as it was argued by complainants, a reduced rate would stimulate. It was also very strenuously maintained by Mr. Worthington, receiver for the Wheeling and Lake Erie, that his company could not take care of an increased coal traffic even should the expectations of the complainants, as to increased tonnage, be realized, because, as the receiver stated, the volume of the coal traffic now is nearly up to the capacity of the railroad.

The Commission did not consider this sort of defense worthy of any weight, holding that the carrier is bound to provide facilities sufficient to meet the demand, stating that if it were admitted that a carrier could arbitrarily limit the extent of its business it would be admitting its power to prevent the development of the territory it traversed. It would further justify any rate the carrier might see fit to impose with a view of limiting the offerings of freight for transportation.

The commission also expressed the view that the Wheeling & Lake Erie could take care of an increased tonnage from the No. 8 field to its lake ports, and this conclusion has been amply borne out by recent statement accredited to Mr. Worthington in which he shows an increase of 18% in the number of cars of coal handled by his company for the months of June to October, 1910, over the same months for the year 1907, the banner year of that road, notwithstanding the fact that the W. & L. E. Company in 1907 had 2,000 more cars and 38 more locomotives than for the 1910 period, showing an estimated average gross earning per mile for the year of $17,213, and the estimated average net earnings to be at the rate of $6,000 per mile. The earnings of this company in 1907 were something over $13,000 per mile, and a deficit instead of a surplus. The traffic density on the main line, to accomplish the results enumerated by Mr. Worthington, was at the rate of 6,351,522 tons per mile per annum, claimed to be the heaviest track density on any single track road in the world. It is interesting to note that Mr. Worthington stated in his recent utterance that the road ought to haul 25% more coal in 1911, than it did in 1910.

I have gone into that, gentlemen, for the reason that whenever a proposition is made to reduce lake rates or any other coal rates we are always met with the things that a railroad company can't do. Here was a case where the public authority refused to accept those statements, and, within a year's time every representation that was made by the rail-

road company has been overthrown, and the judgment of the state authority has been sustained and more than amply sustained.

An expert recently writing upon the subject of the Wheeling & Lake Erie has fixed the possibilities of this road in the next six or seven years at $25,000 gross per mile and $10,000 to $12,000 net per mile.

I have recited these facts to show that the representations made by the Wheeling & Lake Erie at the hearing before the Ohio R. R. Commission have proven to be erroneous in these very important particulars and because they may be pertinent to your situation. I also desire to point out to you the method which our commission followed in finding the lake rate on this railroad to be unreasonable. Something was said at the time about this road being in the bankrupt court but the fact that the road had been carried down by its parent organization had no weight with our commission since its earnings per mile then were sufficient to make it profitable had it been honestly capitalized, and the expectations of the commission as to its future earning capacity have been more than sustained.

Chas. F. Spears, expert financial analyst whom I quoted a moment ago in respect to the Wheeling & Lake Erie, recently in another article on "Railroad Tonnage on Coal," has this interesting summary:

> "Most coal moves at a very low rate per ton mile. It is, however, the best paying in net results of any freight handled even though the empty car movement on coal lines runs anywhere from 30 to 40%, which would bankrupt a road carrying only merchandise freight. It is significant that, in the panic, of the roads that went into receivers' hands only one was a coal line. Its difficulties were mainly due to lack of facilities for larger movement."

The exception was the W. & L. E.

Somewhere I saw recently a statement from Mr. Worthington to the effect that the cost of handling lake coal from the Wabash Pittsburgh Terminal was approximately 16.3 cents per ton. I presume that refers to direct cost. I also recall that 28 cents was fixed by the Bessemer & Lake Erie, in its last published report to its stockholders, as the cost for handling coal over that line.

Each of these roads is a single track road, therefore the cost of operation is greater than on lines of two or more tracks. At any rate, it is hardly probable that any of the lines serving the Pittsburgh district have a higher cost per ton in handling coal than these two roads. If this be a true cost figure for direct service then the rate on Pittsburgh coal should in no event exceed the rate made by the Ohio Commission upon the Wheeling & Lake Erie, since in that case the commission allowed 75% profit to the carrier over and above the cost of operation as found in that case. In fact the rate from Pittsburg could very properly be less than 70 cents per ton.

Carriers always answer that the lake rate is made less than the

commercial rate to the same ports because it is a part of a through rate. It is not made in conjunction with any other carrier by water since no through rates are published and no common arrangement, management or control exists between the railroads and the boat lines. Further, the water rate fluctuates during nearly every season of navigation depending upon the activity of the boat lines, but the railway rate to the port remains stationary during the season. The lake rate has often been compared, and in my judgment very properly so, with the rate on railroad fuel which is still lower than the lake rate, frequently lower by 20%. The service on these two kinds of hauls is very similar. While one may have an advantage in some respects they are counter-balanced by advantages to the other traffic in other respects, so that lake coal and railroad fuel are of about equal value to carriers from a transportation standpoint. But the carriers have justified a lower rate on railway fuel as a part of a joint rate based upon some point of possible delivery. Admitting for the sake of the argument that the railway fuel rate is a joint-rate or proportional rate on what would be a rate to some point upon the line of the connection whose coal it is, if that rule be correct then I fail to see why the rate on lake coal should not be made precisely as the fuel rate is made. Lake coal is also destined for further movement. For that reason there may be some justification in making a lower rate than the commercial rate, but why not make that rate the same as railway fuel rate to the same point since the service of the carrier ends at that point for both movements, and both movements are very similar from a traffic view? If the railway fuel rate, being 20% lower, is a compensatory rate to the originating carrier, and that cannot be denied, then the lake rate must be at least 20% more than compensatory.

The question of commercial coal rates has recently been thoroughly investigated in Illinois where the carriers proposed a horizontal advance of about 10 cents per ton, and were authorized by the Railroad & Warehouse Commission to make an increase of about 7 cents per ton.

As typical of the Illinois coal carrying roads it appears that in 1909 the average rates per ton per mile on coal and all freight over the principal Illinois roads were as follows:

	Coal.	All Frght.
C. & A.	3.44 mills.	5.20 mills.
I. C.	3.50 "	5.96 "
C. & E. I.	3.59 "	4.76 "
C. C. C. & St. L.	3.28 "	5.44 "

With the increase of 7 cents per ton authorized by the Illinois commission the rates of these roads on coal will still average considerably below 4 mills per ton per mile.

As an argument for the proposed advance in rates the Illinois carriers presented figures showing the much higher rates assessed on coal

by the Pittsburg and Ohio district roads for similar or shorter hauls. The *local commercial rates* from Illinois districts to Chicago, etc., even on the increased basis are relatively lower than the *proportional lake rates* from Pittsburgh and Ohio districts, notwithstanding the fact that the Illinois carriers show that practically 100% of their coal equipment must be returned empty, and that switching and terminal charges absorb about 10 cents per ton out of these low Chicago rates. On nearly every road serving the Pittsburg district the back haul is about 70% of the forward movement.

In the Wheeling and Lake Erie hearing before the Railroad Commission of Ohio, it was brought out that the rates on coal have advanced substantially during the past ten years. This was due in part to the passage of the Hepburn law and partly to arbitrary advances. Before the passage of the Hepburn law rebating was a common indulgence, little attention being paid to published rates. When the law became operative, interdicting rebates under heavy penalties, the published rates became rigid and have since been charged in full on coal. While these rates have been advanced in many instances on Ohio and Pittsburg coal, the freight differentials between Ohio and West Virginia coal have likewise been further narrowed by reductions also in the West Virginia rates.

During this same period the gross earnings of all the lines serving these fields have increased immensely. The average increase in the United States is about 10% per year, but the lines serving the Ohio and Pittsburg fields have shown earnings far in excess of the average, some of them as high as 20% in some years of the past decade.

As illustrative of the returns to the Pittsburg carriers the following figures covering the P. & L. E. may be interesting. Of its total traffic 90% consists of freight. Of its freight tonnage about 80% are products of mines, such as coal, ore, etc., and 54% of coal alone.

For the calendar year 1909 the P. & L. E.'s gross earnings per ton mile were $77,589 and its net earnings per mile $44,025. I want to call your attention to the fact that the net earnings per mile of the P. & L. E. are equal to the gross earnings per mile of the next largest earning railroad in the United States. The cost of operation was 43.26%, and its net income was 56.74%, an achievement unequaled by any other railroad in this country and perhaps in the world.

The rate per ton mile was 7.29 mills, having progressed from 5.8 mills in the past decade, or over 25%.

Dividends have been paid annually by this railroad from 1892 to 1909 at the rate of 10% except for the years 1907 and 1908, when dividends were 12 and 11% respectively. In February, 1910, in addition to the regular dividend an extra cash dividend of 40% or $6,000,000 was distributed. That is doing first rate for a coal road.

More tons of revenue freight are hauled on the 191 miles included in the Pittsburg and Lake Erie system than on the Lake Shore, or the

Panhandle, whose 1,500 miles of line occupy the densest traffic territory in the east, 20 per cent. more tons than on the Illinois Central and the Louisville and Nashville, with 4,500 miles, and 10 per cent. more than on the Burlington with 9,200 miles of road. This gives some idea of the tremendous volume of business negotiated by this company whose tons one mile are twice as great as the Pennsylvania's, three times as large as the Baltimore and Ohio's, and 25 per cent. in excess of the Bessemer and Lake Erie, which ranks next to it in this traffic measurement.

To-day its gross earnings could be reduced 50 per cent. and it would still earn 12 per cent. on its capital stock. Last year it paid an extra dividend of 40 per cent. This permitted the Lake Shore to make an additional distribution to the New York Central of $2,700,000 which, in turn, was anticipated in an increase in the New York Central dividend from 5 to 6 per cent. Pittsburg and Lake Erie's net earnings would pay nearly 4 per cent. on the entire New York Central capital stock of $223,000,000. The *net* per mile of the subsidiary is nearly double the *gross* per mile of the parent company.

The average revenue per train mile, in 1909, was $8.69 or about three times the average for the United States.

In eighteen (18) years the Pittsburg & Lake Erie has paid upon the stock 223% in cash dividends. From July 1, 1902, to January 1, 1910, $11,000,000 of the company's $15,000,000 capital stock outstanding has been issued for cash at par to stockholders though the value of this stock was incalculably above par. During this time the company has paid out of earnings enormous sums of money for improvements, betterments, etc. As another has said "The Pittsburg and Lake Erie is the average railroad man's Utopia."

It is not only your lake rates that you should be complaining of; your commercial rates are just as badly out of line. On the B. & L. E., for instance, the rates from Risher (North Bessemer) to Erie range from 6.3 mills to 2.6 cents per ton mile, a distance of 158 miles; on the Pittsburg and Lake Erie from Pittsburg to Cleveland, a distance of 135 miles, the rates range from 7 mills to 1.1 cents; from Western Pennsylvania via the New York Central, Clearfield to Ulysses, a distance of 209 miles, rates are from 8 mills to 1½ cents per ton mile. The Pennsylvania charges Indiana (Pa.) coal producers $1.25 for 223 miles to Erie, at the rate of 6 mills per ton mile, while hauling West Virginia coal from Columbus, Ohio, to Sandusky, Ohio, a distance of 110 miles, for 32.6 cents, or 2.9 mills per ton mile. The same company hauls West Virginia coal from Cincinnati to Indianapolis, a distance of 140 miles for 60 cents, or 4.28 mills per ton mile. The B., R. & P. rates from Dubois to Buffialo, a distance of 161 miles, are from 7 mills to 2.4 cents per ton mile. The rates per ton mile in this territory are probably the

highest of any coal rates in the territory east of the Mississippi River and north of Ohio and Potomac Rivers.

The subject of the lake rate is not a new one with you, nor indeed with coal producers in Ohio. For some few years past you have been losing your markets in the northwest. We in Ohio, who live on the lines connecting directly with West Virginia, know why we are so hardly beset in the northwest, as we have visible evidence in the uncounted trainloads of coal from West Virginia passing our doors on the way to the lake ports for trans-shipment to the northwest.

I referred a moment ago to Lake shipments. By reference to statistics I find that in 1901 the Pittsburg thick and thin veins had practically 56% of all the bituminous shipments by water while West Virginia had less than 13%. In 1909 Pittsburg had 42%, 13% less of the total shipments than eight years before, while West Virginia has 26% or 100% more than at the beginning.

The Hocking District which started in the same period with 26%, finished in 1909 with 8%. This entire table of figures shows that the districts closest to the lake ports have fallen behind these districts more remote from the lake ports.

It is idle to talk about the difference in the cost of producing West Virginia coal or the fact that it is intrinsically worth more money. These two facts we are compelled to endure and will do so without complaint if our railroads will adjust our freight rates upon a more reasonable and just basis. We cannot understand why there should be but 12 cents difference in the rate on lake cargo coal from West Virginia as compared with Ohio coal when there is a 25-cent difference in rate on commercial coal between the same points. If a 25-cent differential is a just one on commercial coal it also should be applied on lake coal.

The carriers' officials have freely admitted in private conference, that the adjustment of the rates as between Ohio and Western Pennsylvania and West Virginia is not fair and that there should be a readjustment, but when we come to the question of how these rates should be adjusted it is always proposed to raise the West Virginia rates. That is an *ignis-fatuus* to the coal operators of these two States. It will never be done, probably for the very good reason that logically it cannot be done. The railroads have made a pretense of attempting to raise these West Virginia rates which propositions have been opposed by the enterprising operators of West Virginia suing out injunctions, and again lately by the action of the Interstate Commerce Commission on petitions filed with it by independent operators suspending recently proposed increased rates pending investigation.

Railroad companies serving that field have maintained the present rates to West Virginia for several years which may be taken to be good proof of the fact that the rates in themselves are reasonable and compensatory. It is doubtful now if the Interstate Commerce Commission

will permit an increase in the rates from West Virginia in view of this fact, and in the light of the further fact that the railroads of West Virginia have shown handsome earnings during the period in which these rates have been charged.

The Chesapeake & Ohio, for instance, whose average earnings per ton mile are but 4 mills on all traffic and but 3.16 mills per ton mile on coal traffic, has been paying dividends after putting its road in good condition.

The Norfolk & Western, with slightly increased ton-mile earnings over the Chesapeake & Ohio, has likewise improved its property, met all its obligations and paid its dividends.

These are some of the facts that are said to be stubborn things and which carriers, even if they were in good faith about increasing West Virginia rates, could hardly surmount should they attempt to raise these rates.

I can easily believe that the carriers would prefer to increase West Virginia rates, since it would mean more revenue from that field, and upon coal that could stand increased rates, but they know the futility of such attempt. Coal operators of the Pittsburg District have been fed with that sort of stuff for at least three years; meanwhile West Virginia has increased its hold in the northwest and Kentucky coal now menaces and bids fair to be a second West Virginia as a competitor also for the northwestern market. Equally vain is it to attempt longer to frighten us with the bugaboo of lower West Virginia rates to meet any reductions our roads might make.

During the time that you have waited this re-adjustment of rates the carriers have increased their earnings tremendously and even though at the time you first complained about these rates they were sincerely doubtful of their ability to afford you this relief, the more recent statements from their offices should convince them and you that they can afford this relief.

The principal burden of the song of the railroad officials, at the several hearings before the Interstate Commerce Commission in the matter of the challenge of the increased class rates, was the increased cost of operation, particularly the increased wages which they are compelled to pay their employes by reason of the exactions of the union from them. I only refer to this to remind you that while they plead that excuse as privilege to charge the public more for their services, they make absolutely no allowance for the labor conditions which are imposed upon you by a similar labor trust. If there is so much in their argument of the compulsion under which they are placed by reason of their labor conditions, you, too, should have some consideration on the score of wages.

In the making of this lake rate the carriers have not taken into consideration the geographical position of the mines of the Pittsburg pro-

ducers with respect to the markets, nor has the question of the value of the service to the shipper, nor the cost of the service to the carrier, been regarded. Each and all of these factors should be considered.

We have not said much about the fact that these rates are all agreed rates; that they are made by concert of action of the several interested coal originating roads, nor that such action and such manner of making and maintaining these rates is in violation of the federal statute. I point this out to show that if they can make rates in this fashion, which are prejudicial to your interests, at least, they might make rates in the same fashion that would be fair to the public.

We are met with the statement often times in discussing these problems with railroad officials that some West Virginia road or roads will not consent to a re-adjustment of the rates and for that reason they are unable to grant the relief. In view of the manner in which these rates are made and maintained nobody has been deceived by that statement.

We do not ask that West Virginia rates be raised. We are not asking that any burden be placed upon West Virginia coal, nor that the cost of West Virginia coal be made greater to the consuming public. We are asking only that we be given just and reasonable rates, based upon the cost of the service to the carrier. If after having such reasonable rates accorded us we cannot keep in the market then we must succumb.

Not all the wastage in the production of coal is due to the carelessness of the miner, the inefficiency of or unscientific character of the operation. The railroads must bear their share of the criticism for the appalling waste in coal production and the public will ultimately pay the bill.

Lately the attention of the federal government, and of the country, has been focused upon the conservation of our coal deposits in the far West and in Alaska. Measures, which have been taken in this regard, are wholesome, wise and timely. But it seems that it would be equally the part of wisdom to conserve those measures which are now being operated and from which the present generation, and those immediately following, will derive their fuel supply. No one is going to be hurt more than the railroads by the early depletion of this supply, as they are not only affected in the price which they will pay in the future for fuel, but the vast manufacturing interests along their lines will be similarly influenced, perhaps being compelled to move on in the search of cheaper fuel.

From these statements I conclude:

(1) That the Pittsburg lake rate is unreasonable and unjust, measured either by the rule of comparison, cost of service to the carrier, or value of service to the shipper.

(2) That the rate has been unlawfully established and maintained.

(3) That the necessary, logical and actual effect of this unjust rate has been prejudicial to the operating interests of the Pittsburg District.

(4) That it is perfectly clear the carriers will not voluntarily nor in any amicable spirit reduce this rate, but that relief, if any is to come, must be through formal legal remedies.

(5) That it is evident from the financial condition of the carriers, earnings and other factors considered, as compared with their condition at the time these rates were established, they can well afford to grant this relief, viewed from that standpoint alone, to the end that this great industry which has contributed so much to the carriers' success, may be protected and fostered.

(6) That the coal operators of the Pittsburg District, in order to secure that consideration to which their geographical location entitles them, and to prevent being overwhelmed by their unduly favored competitors of West Virginia, must present their grievances to the Interstate Commerce Commission for its investigation and judgment.

CHAIRMAN STEVENSON: Are there any questions to be asked of Mr. Manington?

MAYOR MAGEE: I would like to ask whether or not this state of affairs is true only about coal or whether there is a similar discrimination on other commodities.

MR. BOILEAU: Ask the ore people and the furnace people. Mr. Chairman, when I mentioned the matter to three or four furnace people they came to me and said, "We ought to be in on that arrangement; we have just as bad conditions as that." I told them I had nothing to do with that, that that was up to them. This is a coal and coke proposition.

MR. STEVENSON: The ore does not seem to be represented today.

MR. BOILEAU: No, they are not represented.

MR. STEVENSON: Are there any questions to be asked of Mr. Manington? If not, I would like to call upon Mr. Rowe of the Coke Operators' Association, if he is in the room. We would like to have a statement from him.

MR. ROWE'S ADDRESS.

MR. ROWE: Mr. Chairman and Gentlemen of the Committee and Gentlemen: As spokesman for the independent coke operators I speak today for an industry which represents a present value of something like $50,000,000 in land and plants. It is no inconsiderable complaint therefor which we come to make. I apprehend that this is not the court in which the complaint is to be tried but today we make more in the nature of an appeal to the jury. Consequently the mass of evidence is not going to be before you because it would be tiresome and such as has been brought to your notice does not need to be repeated in the matter of specific rates and practices.

The coke operators of the Connellsville region feel that they are

obliged to enter this protest because their industry is a vital element not only in the Pittsburgh district, which justified our invitation to attend this meeting, but to the prosperity of the nation, since this is an age of steel. The industry is absolutely dependent upon the steel industry. It is nothing more or less than a constituent factor of that industry. It has no other market for its output and it is therefore absolutely unable to reckon on other sources for equalizing its business. The hard times in one line of business are not offset by its ability to market its product in other directions during those times. It is an exceedingly sensitive business on that account. Its nerves center in the nerves of the steel business. Anything which depresses that business depresses the coke buiness. Its products, although not perishable in the ordinary sense of the word, is so to some extent since the value of its product very rapidly lessens after it is once manufactured. That is due partly to a supposed deterioration in its quality after manufacture. It is due also to the actual obstacle imposed by its bulk which requires immense storage room. And by the further fact that re-handling breaks it up and consequently the coke operators are compelled to do a business which is really hand to mouth. He cannot utilize a storage warehouse as a safety valve to take up the depressed time in his business and operate his business on a more equalized fashion. That gives these various factors which make it such a sensitive business and place a weapon in the hands of the transportation interests; because they have it within their power, by the manipulation of the transportation rates, to divert the profits of the business into their own treasury. And we charge that this has been done in some instances, which have been presented to you by Mr. Boileau.

Again, the cost of production in the coke business has been very rapidly advancing. Every ton of coal put into the ovens has to be mined farther and farther from the pit mouth. Every year the safeguards of the lives of the working men impose an additional cost on every ton taken out. Both of these costs are matters which cannot be, and if they could be would not be, eliminated; because it is our purpose, of course, to meet the advance of civilization by the betterments in production, which inevitably means greater expense.

I advance these considerations, not simply as a hard luck story, but because of this fact, to make it plain that the business is of such a nature that if the transportation charges on its product are uncontrollable, or if they are controllable, or controlled by the railroad, with its selfish interest to promote, then it constitutes the weapon in the hand of the railroads, as I have said before, to divert the profits. It would be possible for the railroad people to shut down the industry in any one district, if their selfish interests were sufficiently large in other directions to warrant them, from their standpoint, in doing so. There is nothing else

in the business, giving the operator the power to offset an excessive transportation charge.

A 20-cent differential on the transportation charge from the Connellsville district, means a tax of approximately $1500 on every acre of property that the Connellsville operators own. It means a ten per cent. tax on their gross market price. It is more than that. It is a percentage more nearly 13% on the average market price of Connellsville coke for the last five years. Under any operating conditions in any line of business today, no manufacturer needs to be told that a ten per cent. tax on his gross price, comes dangerously near to eliminating nearly all of his net profits.

It has been repeatedly said by the other speakers, and we may say it for the coke operators once for all, if your please, that we are here simply for fair play. It is to be hoped that the railroad interests in meeting this complaint will not waste any precious time in demanding fair play; because we desire to say at the outset that that is granted. Nothing but fair play is wanted, and nothing but fair play is intended upon our own part. There is no desire to antagonize the railroads in a spirit of animosity or hostility at all; because, if the complainants in this matter had it in their power to carry their points to the ultimate selfish ends which they might have, the question would not then be settled; because things in America are not settled until they are settled right. And we propose that the freight rate situation shall not be settled until it is settled right. A few instances of the discrimination of which we complain may be mentioned, from the standpoint of coke operators. The bulk of the considerations advanced here today have had to do with the coal rate to the lakes. We naturally speak for the coke freight situation to the lakes and elsewhere. Here is an example. The Fairmont district is approximately 40 miles farther from Philadelphia than the Connellsville district, approximately so. The average distance of the Connellsville district is 120 miles from Cumberland, the junction point of the two branches which serve the Connellsville and the Fairmont district respectively. While the town of Fairmont is 163 miles from Cumberland. So we may say approximately that Fairmont is 40 miles longer haul. The B. & O. Railroad hauls coke to the Philadelphia district from the Fairmont region for $1.95 per ton. From the Connellsville district the rate is $2.15 a ton. By what process a lower rate is given for a longer haul it is not easy to imagine. That 20 cents differential in this specific instance, as I pointed out before, amounts to a tax on the Connellsville coal of $1,500 per acre; which represents, probably in the case of some operators, 50 per cent. of their possible gross profits in the entire term of their operations, from the time they sink a shaft till the time they abandon their workings; which may mean anywhere from ten to twenty years of workings. And the rail-

road, by that differential, simply puts its hand into the pocket of the operator and makes the operator work for the railroad half his lifetime.

The same 20-cent differential appears in another case. Last April the rate from Connellsville to Buffalo was arbitrarily advanced 20 cents. The word "arbitrarily" is used advisedly. It was arbitrarily raised because the rate was raised from Connellsville and from no other point; and, further, no reason was given for raising the Connellsville rate 20 cents to Buffalo. If that does not constitute an arbitrary action, I cannot imagine what would. An excuse, however, has been given for that advance. In a hearing of the protest filed by the Buffalo furnace interests before the Interstate Commerce Commission, the railroad people were put on the stand and gave this excuse. It had been complained by the eastern Pennsylvania furnace people that they could not compete in the New England territory with their pig iron with the pig iron manufacturers in the Buffalo district. The railroads were appealed to to help them out. Now, the distance, as you can see on the map, is, I presume, approximately equal, possibly a difference in favor of Philadelphia on the whole. They were not complaining about the freight rate on their pig iron but the peculiarity of the situation lies in this: that instead of asking the railroads to give them a lower rate on their pig iron from their furnaces to the New England market they go back a step farther and go over the shoulders of the furnaces and ask the railroads if they would not please make the Buffalo pig iron cost the Buffalo furnace man 20 cents more a ton, sidestepping the freight rate. Let me repeat. They asked the railroads, and the railroads do it, to make the Buffalo man's pig iron cost him 20 cents more a ton so that he cannot undersell the Philadelphia pig iron in New England. The way to do that, of course, as the railroad people have nothing else to sell to the Buffalo furnace people except transportation, is to put up his transportation rate 20 cents a ton, and the trick is turned. I wonder if you other furnace men could get the railroads to help you out in some other way like that if you needed it? It was probably a case of need on the part of the eastern furnace men. That simply means to the Connellsville coke operator an absolute shut out from the Buffalo district for the Connellsville coke. Because there is coke from other districts, as I said before, that did not have its freight rate advanced. The Buffalo people were using Connellsville coke very largely. That obliges them either to stay out of the New England market in competition with the eastern furnaces or to buy their coke from a district whose freight rate has not been advanced. That explains the charitable attitude of the railroads as some of you may understand on the ground of a community of interest — at least as alleged by those who have filed their complaints with the Interstate Commerce Commission. This matter is still up before the Commission and will be tried out and probably some relief will be afforded.

Another incident is only a matter of suspicion, but the suspicion is so grave that it is worth while speaking it out in public. It has never been satisfactorily answered on the part of the railroads. There are some abandoned ovens in the Connellsville district, whole banks of ovens abandoned because the coal which they formerly coked has been worked out. Now, a great many of those ovens during a period some few years back suddenly became active. The coal did not come out of the ground under them as it had been in former years, but it was hauled from some other point. And after it was coked it was shipped to the furnaces. Now then, at a time when that question was brought up with the railroads it is true that the consumers of that coke could go in the open market and buy the coke for $1.65 a ton. The coke which they were actually using cost them a figure which you may reckon or arrive at in this way. It cost so much per ton to mine it, the freight rate on the coal from the mine to the ovens was so much, the cost of the coking was so much, and the cost of hauling the coke from the oven to the furnace was so much. Now, if that can be done at a less cost than for the furnaces to buy coke at some other plant which makes it and cokes it at the pit mouth, there is good reason to understand why they lighted those dead ovens. As a matter of fact, if the cost of the coke made in these dead ovens was made up in the manner that I have outlined, of those four factors, it cost them $3.40 per ton, at a time when they could buy it in the open market at $1.65 a ton. Consequently as those furnaces were not in business for their health to give 75 cents profit to somebody by buying coke which presumably cost them $3.40, there was some factor in those four factors which was not costing them what it was supposed to cost. The common understanding is that the difference in cost was eliminated by giving a freight rate from the mine to the furnace through, ignoring the unloading of the coal and its conversion into coke and its reloading. Now, that is a matter which will bear looking into. It is a matter which indicates to the railroad gentlemen present why we wish to make an examination into the whole question. There are some of these things that look unreasonable from the ordinary methods of business figuring. We feel that there must be something in the woodpile, and we propose to take the woodpile down stick by stick until we get to the bottom of it. If the coke operators' position in this matter is not made plain and clear today you must charge it up to the present speaker who cannot claim to be anything like as well versed in the whole situation as the two speakers preceding. But it does not take a great while for anyone looking into the subject for a little time as I have to discover that there are very promising leads which if followed up must afford relief when laid before the proper authorities.

The output value of the coke operations in the Connellsville region independently owned will run probably ten to thirteen million dollars per year. And a simple 20-cent differential on the freight rate will come

to something like $5,000,000. That is such a large proportion on the whole value of the Connellsville coking output that it is a matter of grave concern. It puts into larger figures what I said before, that it becomes a question of diverting profit from the man who is operating the mine to the man who is simply hauling the coke.

These matters have grown into their present unbearable proportions, as has already been said, partly because the railroads are at fault, partly because the operators may have been at fault in permitting errors to grow to a point where they have been entrenched. The world needs the Connellsville coke and there has been more or less of a feeling of security on the part of the Connellsville operators which has kept them so busy making Connellsville coke that the situation has grown up almost without any attention on their part. It has emerged, however, into an active question because our cost of production is coming to a point where the cost of transportation figures in it so largely as to become dangerous. For that reason the Connellsville region has only begun this agitation, just as the Pittsburg Chamber of Commerce has done, and it cannot be allowed to rest because of the immense amount of property involved in the whole transaction. The whole American people are interested in an industry so large as this. And it will demand an impartial study and as kindly treatment as we are able to give our opponents. We do not want to enter into the struggle simply to vanquish somebody and put them out of business. We simply want a chance to run our own business at a reasonable profit.

Chairman Stevenson: Mr. Manington, I would like to ask you if I understood you in one of your four conclusions to state that you believed the only solution of this question was by legal action, and how far that point reflects the sentiment of the coal operators. Is that the only thing to do?

Mr. Manington: Well, I conclude that, Mr. Chairman, from the fact that perhaps for three years the operators of the Pittsburg district have been on their knees to the railroads and they are still there and their rates have not been changed. Now, of course, they may continue to supplicate, and pay the price. It is a natural, it is an inevitable conclusion. I believe that some of the railroads may be entirely frank when they say that they cannot change the situation. I can well understand why the P. & L. E. cannot change, because its parent won't give its consent. Its parent, which is the New York Central, does not make one dollar of earnings on its own property, but must depend on the P. & L. E. to pay the stockholders of the New York Central their dividends — the P. & L. E. and the Lake Shore. So that I can well understand how the P. & L. E. cannot change the rate. I can understand why the Wheeling & Lake Erie cannot change it, because, though it is in the hands of a receiver, appointed by a Federal Court, the people of this country have begun to understand that there are powers greater than the Federal

government, of the United States, and the consent of those powers will not be given. If the operators feel that they are being discriminated against, it is my deliberate judgment that they will never get relief until they force that relief by legal action.

CHAIRMAN STEVENSON: There are many gentlemen here that are well informed, to talk on this question, that is of so vital interest to them; and we will now have some informal talks, from any gentlemen that are present who so desire. We would like to have them brief and to the point. It is getting late, and if anyone wishes to say anything in regard to the attitude taken by Mr. Manington, this committee would be very glad to hear him. That is a very important question for this committee to consider. If the coal and coke operators propose to go ahead and institute legal proceedings, at this stage of the game, this committee wants to know it. If they want to continue to supplicate, the Chamber of Commerce is going to help them supplicate and make their prayers for them, if we can, but we would like to have this question very thoroughly threshed out and discussed this afternoon. So, gentlemen, do not hesitate to speak your minds promptly.

MR. KENNEDY: Mr. Chairman, I am sorry to say I am not prepared to say very much on this subject, because I do not know the figures, and I do not like to say very much about things that I am not very well prepared on, but I do know that it is a very broad subject. I do know that there are a great many interests concerned in it, and they have to be harmonized. I know it may be hard for any one railroad to make any movement in this direction at all. I have been greatly interested in hearing the figures of the gentleman from Ohio, who has evidently studied the matter very thoroughly; and, from a limited knowledge of the subject, I am inclined to think that many of his conclusions, at least, are absolutely correct. It would sound that way to me. But I would like to hear from some of our railroad friends today. If there are any of them who can pick any flaws, I would like to hear them picked, and would like to get all the light we can on the thing. I do not think we will ever get much by glittering generalities about the great necessity of Connellsville coke going out to the world, and all that sort of thing. I think it has got to be got down to a mathematical basis, as to whether the rates we are paying are fair rates.

I think there is one thing which may have been mentioned by some of the speakers — I didn't come in until late — but the downward haul from the lakes to Pittsburg is a very large factor, and a factor that ought to be considered very much by the railroads, in judging as to the comparative fairness of rates. I do not think that this thing should be taken up in any spirit of rank antagonism; but I imagine that before you get through, you will have to go to the Interstate Commerce people, or somebody that has authority to settle it. I do not believe that any one of the railroads that felt like making concessions could very well

do it. They are tied up by community of interests and all that sort of thing; and how far the Sherman Anti-trust law applies, I don't know. But it is too big a subject. I think it should be taken up in a very careful way. I would be delighted if some of our friends from the railroads would elucidate to us on the figures given by the gentleman from Ohio, pick any flaws in his figures. I do not think there are many in them myself, but I am not expert on that.

CHAIRMAN STEVENSON: Well, the opportunity is here for any one to speak, either the representatives of the railroads or the operators. Is there anything further to be said on the subject, gentlemen? We want to move along with this meeting.

A VOICE: Mr. Seymour.

CHAIRMAN STEVENSON: Mr. Seymour, have you anything to say?

MR. SEYMOUR; Division Freight Agent, P. R. R.: I have just gotten in the room. I can't talk about anything I haven't heard.

A VOICE: Mr. Cromlich?

CHAIRMAN STEVENSON: Mr. Cromlich has been called for.

MR. W. L. CROMLICH: No, I haven't anything to say.

A VOICE: Mr. Dempster.

CHAIRMAN STEVENSON: You have been called for Mr. Dempster.

MR. DEMPSTER: I do not know why my name was suggested, except that there are no Pittsburgh operators here of any account. I would suppose that, they being the most interested, they would be represented with due ability and talent. I see our genial friend over there, Mr. Stoneroad, and he is quite a talker when he gets started, and he is not hard to start sometimes. (Laughter.)

But, Mr. Chairman and Gentlemen, both of the coal and coke and of railroads, Mr. Manington struck the keynote when he intimated that there would be no settlement of this case until it goes to the legal judge and umpire who has the decision of the rates. The Pittsburgh district two years ago went into this question, oh, with zeal. They were going to have the rate changed right away, and, as Mr. Manington says, we are still on our knees. Now why? If the Pittsburgh operators, or any other operators, can't help themselves, by employing the proper legal means at their command for the purpose of securing their price, then who is to blame if they do not get them? That seems to be the question. And it is the question with the coke people. This gentleman who occupied the floor says: "We are going to take down that pile, stick by stick, until we get to the bottom and find out what is in that pile." That is the only way to get it. That is a good illustration. That is the only way to accomplish the end. And my own personal opinion is that neither the Pittsburgh operators, the Ohio operators, or any other operators, will ever accomplish anything until they go to the judge, the legal judge who has the decision of the case. That is, the Interstate Commerce Commission.

Now, if they do not go there, then the fault is theirs. And why, why will they bear the burden and wear out their knees and trousers in supplication? That's the question, Mr. Manington did tell you to a certain extent about what they have done. Instead of pursuing the same course that the Pittsburg operator did, they went to the State Board, and I do not know where it is now. Mr. Manington, where is the question?

MR. MANINGTON: In the Circuit Court of the United States, on the question of jurisdiction.

MR. DEMPSTER: That is, the railroads appealed from the decision of your State Board to the Circuit Court, and that has not been decided yet whether or not the State Board had jurisdiction in the matter?

MR. MANINGTON: Exactly.

MR. DEMPSTER: One step more. If the court decides that the State Board had not jurisdiction, then where are you? Then your appeal will be to the Interstate Commerce Commission?

MR. MANINGTON: Then we will have to re-try the whole case before the Interstate Commerce Commission.

MR. DEMPSTER: In that case, you will have to go to the Interstate Commerce Commission, won't you?

MR. MANINGTON: Yes.

MR. DEMPSTER: And you will do it?

MR. MANINGTON: Why, we are in the fight to win.

MR. DEMPSTER: You have had two years of it, and you are still tied up. Mr. Manington, do you know what the status of the West Virginia mandamus was, where the operators went into court to restrain the railroads from increasing their rates?

MR. MANINGTON: Which mandamus do you mean?

MR. DEMPSTER: I do not know how many mandamuses there are.

MR. MANINGTON: You know a year ago last spring, increases in West Virginia were enjoined, and those were finally disposed of at different times, because in different courts. Then I believe it was in November, the Interstate Commerce Commission, upon application of certain operators in West Virginia, suspended the tariffs on lake coal, which had been filed, effective March 15th. So that those proposed new rates are suspended, and I believe the Interstate Commerce Commission has fixed a date, I have forgotten, within a few days, for hearing. It has appeared to me that, while the Interstate Commerce Commission has that question of the increased lake rates to West Virginia before it, this question of all the rates, both commercial and lake, should be submitted at the same time. And if this district, whose turn it now is to move, since we in Ohio have been doing our share, would file a complaint there, the two could be consolidated and heard together.

MR. DEMPSTER: And another question, Mr. Manington: That rate has been suspended, you say, the increased rate that was agreed

upon a year ago last April, in New York, by the railroads, to increase the West Virginia rate?

MR. MANINGTON: Yes.

MR. DEMPSTER: That is the rate that has been suspended?

MR. MANINGTON: Yes.

MR. DEMPSTER: Then the West Virginia people are getting into the lake market on the same rates that they were before, and the differential has not been changed, the change in the differential has been suspended, so that the old rates prevail.

Well, Mr. Chairman and gentlemen, it is just as easy, and with as few words, to understand that the fellow who does not help himself is not going to get help from the railroad people; and if the Pittsburgh operators just sit back in a state of supineness and won't do anything, they can't expect the railroads to come and say, "We are going to reduce our rates." You can't do it. There was a time, Mr. Stoneroad, wasn't there, when a committee was appointed and went to a certain degree, to a certain stage, and then the action was dropped?

MR. STONEROAD: I think that is true.

MR. DEMPSTER: Now, there we stand. The Pittsburg operators moved, they moved with enthusiasm, they went a certain distance, and like the little ball you may have seen at Christmas time, which when you threw it along the floor, goes a certain distance, and then comes back of its own accord. There is where we are now.

CHAIRMAN STEVENSON: From what Mr. Dempster says, there is no doubt in my mind that there is a colored gentleman in the woodpile, and I do not see why the railroad operators do not want it out without tearing the pile down, stick by stick. There has been a committee appointed and they went a certain distance, and nothing was accomplished. What is the trouble?

MR. DEMPSTER: I do not know. It seems to have been a state of suspension.

CHAIRMAN STEVENSON: What suspended it?

MR. BOILEAU: If you will allow me, I will tell you what suspended the situation. By the way, that hearing is January 11th, next week, of the West Virginia operators. The rate is not to take effect until March 31st.

A VOICE: What rate?

MR. BOILEAU: The increased rate from West Virginia to the lakes.

MR. DEMPSTER: What increased rate?

MR. BOILEAU: 11, 12, and 13 cents a ton.

MR. DEMPSTER: Is that the rate that was agreed on a year ago last April?

MR. BOILEAU: Yes, and they have been holding it up.

CHAIRMAN STEVENSON: Do I understand you to say that the Pitts-

burg Coal Operators' Association is not officially represented at this meeting?

MR. BOILEAU: It is not, but there are several members of the association here that are willing to go with us. They told me personally.

CHAIRMAN STEVENSON: Any other, gentlemen wish to speak?

MR. KATES: I would like to ask the operators why go to Court? I believe they say the Interstate Commerce Commission is behind in business two years. These corporations say we must have our day in Court. That means you must spend your life in court. It goes to the Supreme Court and they are five years behind with their business. Now what are we going to do about it? My solution is that we form a new party, elect a president who will declare martial law, and then these matters can be settled summarily by a court martial.

If we do get a little coal business, what happens? Do we increase our output? You know we can't ship our coal. We just get enough cars to kill us off. They figure it all out how many cars it will take to make money, and then the car shortage conspiracy is carried on, and they just give us cars enough that we lose money. That car shortage conspiracy has been carried on for the last ten years. The trust gets all the cars and the little fellow just gets enough to make him lose money. What chance have we to do any business? We must all go out of business or bob around like petty servants to your big trust. We must become petty slaves of every big trust. And then if we ship any freight what will become of us? The Courts are rotten.

CHAIRMAN STEVENSON: Well, if any gentleman had a short cut we would like to hear from him on the short cut now.

MR. ALEXANDER DEMPSTER: There is one gentleman in this meeting who knows a good deal on this subject. Mr. W. R. Woodford.

CHAIRMAN STEVENSON: We would be very much pleased to hear from Mr. Woodford.

MR. W. R. WOODFORD: Mr. Chairman, I appreciate the compliment the gentleman pays me, but I came here by invitation and I accepted only on the understanding that I would not be called upon to make any speech or make any statement.

I had something to do with that agitation Mr. Dempster referred to. But I transferred my interest at that time across the lines and they are all now in the state of Ohio where we are doing something and accomplishing something. Mr. Manington has very ably stated the situation as it exists there.

I am surprised at not seeing more of the Pittsburg operators here: but if they do not care to talk themselves I think it would be impertinent for a rank outsider to come and say very much, and I consider myself an outsider. And I would therefore not like to say anything.

MR. KATES: May I say one word more? I tried to get a switch in over in Ohio for a year and a half and gave it up. Then I went up into

Michigan to a little coal field. They have a nice six foot vein of coal there in a 150 foot shaft. I heard the same old song there. The little fellows were all killed off on account of want of cars. They are not shipping out of that field today 100 cars a day with a vein six foot thick. Why don't the operators get it fixed up? It is the same old story; kill off the little fellows; car shortage and all that. The roads would rather haul coal 300 miles than 50 miles; about 50 cents would be the freight rate on the Michigan coal and a dollar and a half or two dollars on the West Virginia coal. They say they must put on the traffic all it will bear; that is the policy of the railroad and you know it.

Chairman Stevenson: Does any other gentleman wish to be heard? I want to bring this fact to the attention of the gentlemen present, the fact that the Chamber of Commerce cannot take any legal action on this question at all. The policy of the Chamber of Commerce in the last three years or four years has been to co-operate with the railroads, and in so doing they have accomplished a great deal. Now if it is the intention of the coal operators to take legal action, of course it does not seem to me incumbent upon the Chamber of Commerce to take it up, because we are both working at the same job and there is no use of expending too much energy when we have a great many other things to attend to here in Pittsburg, as our Mayor will tell you. He has got almost every man in Pittsburg to work. So we want to know and I think we should know the intention of the coal operators. It seems to me that it is rather unusual that more of the Pittsburg operators are not here, but those who are here, if there is a strong minority and they propose to take any action I believe they should organize and secure the assistance of those in this district who are interested. Do not wait for the others to come in.

Mr. Boileau: Mr. Chairman, in presenting this matter to you I have had several operators with me in the matter. If they all do not care to participate it is because they do not go into the subject very thoroughly. The operators are organized enough now. They do not need those delinquent ones. After hearing this report I think the Chamber of Commerce of Pittsburg should have the matter taken up as a Chamber of Commerce. We will help you with statistics and with finances to put the thing through. We do not need any organization than what we have already. I have written authority from over 200 of the coal men on this matter.

Chairman Stevenson: This is a case of where we do not like Caesar less but Rome more. If they are more interested in West Virginia than in the Pittsburg District how are we going to get them interested in this proposition?

Mr. Boileau: Some of them have mines in West Virginia. One of them told me that he didn't care. But suppose you only had three independent operators? Those that are not taking an interest in this and

resent our attempt to do something are people who are not loyal to our constituency.

CHAIRMAN STEVENSON: Suppose the Chamber of Commerce, after hearing both sides of this question, come to the conclusion that there is a wrong, that there is a discrimination against the coal operators in this district, we cannot go any farther than that as a body.

MR. BOILEAU: Your transportation committee can.

CHAIRMAN STEVENSON: The Chamber cannot as a Chamber.

MR. BOILEAU: Take it before the Interstate Commerce Commission and thrash it out there. They know what we have got down there for I have been in touch with them. If you can suggest any plan that we can work out we are willing to organize but we have a good lot of men signed up to push the thing through and prove it, but we thought the Chamber of Commerce was the place to bring it up. We give it to your committee and your committee report back and it is up to the people to hear the complaint.

MR. STEVENSON: We cannot have large meetings from this whole district like this.

MR. BOILEAU: No, we do not want you to.

MR. STEVENSON: Don't you think it would be advisable to organize the coal operators and appoint a committee and to meet with this committee of the railroad transportation and we will do the same thing with the railroad and we will try to harmonize this matter if we can.

MR. BOILEAU: Meet for the purpose of what? To go over this subject again and thresh out these different rates?

MR. STEVENSON: Are you prepared to submit all the data we want? If you think the case is all in why of course we will take the matter up.

MR. BOILEAU: We will furnish you with maps and with loads of tables made up in sheets and in a nice little bundle that will cover this entire place. And if that was presented without anything else to the Interstate Commerce Commission they would tell us to go ahead and present our evidence. Mr. Manington knows the way to get to them and I have been in touch with them.

MR. DEMPSTER: I rise for information and ask what is the province of this committee? As I understand it it is a standing committee of the Chamber of Commerce. Is that right or wrong?

MR. STEVENSON: That is correct.

MR. DEMPSTER: Has your committee then as such any right to bind the Chamber by any course of action whatever?

MR. STEVENSON: None whatever.

MR. DEMPSTER: Then isn't the proper course to pursue to adjourn now with this data and your committee to formulate their report from the information you have received? Then you can report your action to the Chamber of Commerce or call the coal men together for further information if you want it and then let the Chamber of Commerce take

such action as it will in the matter. Is not that the legitimate course to pursue?

MR. STEVENSON: Yes. We have heard one side of it only today.

MR. DEMPSTER: That is the point, Mr. Chairman. If you have heard one side you can hear the other side any time you may fix. Then when your committee has made full investigation and has gotten all the information it wants to enable it to make an intelligent report back to the Chamber is not that the proper course to pursue?

MR. STEVENSON: Then what?

MR. DEMPSTER: Then it is up to the Chamber and you cannot speak for the Chamber and this committee cannot speak for the Chamber and nobody else can.

MR. STEVENSON: Now the policy of the chamber heretofore has been not to take any legal action for the industry. We cannot do that but we can make a report and a resolution can be passed and the supplication can go ahead just the same. About all the Chamber of Commerce can do under circumstances of that kind is to pass a resolution. And I did not know whether you wanted any more definite action, because this would seem to be a proper time if there is going to be an organization, to make the organization today. We can carry out exactly what you have outlined.

I would like to ask any member of the committee here if they have anything to say. Mr. Scott?

MR. SCOTT: I do not think there is much left to be said. I want to say in answer to Mr. Dempster's suggestion that it seems to me this committee on transportation does not want to shirk any duty. This committee does not want to shirk any duty as far as taking up the case and doing everything the Chamber of Commerce would authorize them to do. But I want to say to the coal men that you do not want that kind of a hearing in this case, they want men who know something about the coal business, who are familiar with it and who can answer questions that that committee cannot answer. They are not prepared for that, they are not prepared to take up the coal case even if the Chamber of Commerce would say to do it. As I say we do not want to shirk any responsibility. We are willing to do anything the Chamber of Commerce tells us to do, but we are not qualified; we do not know the coal business. Mr. Stevenson can tell you all about prunes and dried apples and things of that kind and possibly I could tell you something about something else in the grocery line, but we have forgotten everything we ever knew about the coal business.

MR. DEMPSTER: That is all right, but I want to raise the legal position that this committee is but a committee of a larger body, a parent body, and such committee it cannot bind that parent body. They are getting information to the best of their knowledge and ability and when they have concluded that they are ready to report to the parent body they

report and it is then for that parent body to say what they will do. That is all you can do now.

Mr. Stevenson: That is the situation exactly. Does any other gentleman wish to speak?

Mr. Johnston, of the Coal and Coke Operator of Pittsburg: "As I recall the incident that brought this complaint before your committee at the instigation of some coal operators it was because there was not unity of action among the coal producers in this community and intermediate competitive communities at all. But there are conditions prevailing in the coal trade today that threatens not only the economic solidity and stability of that industry which ranks fourth in the amount of money invested in it in the United States, but very materially threatens the industrial supremacy of this community of which we are all so proud. Though we were first here at the forks of the Ohio on the frontier, at one time the greatest distributing point of the time and such for almost a century, we have been exhausting one of our community assets and the unmined coal now remaining in the Monongahela Valley at the rate of mining of last year will not last you 40 years. This coal that is now being sent as far up as a thousand miles to Duluth, as far west as Bismarck, Dakota, and over into Canada, in an ever growing quantity, is exhausting your community assets. The United States Steel Corporation has expended something like $20,000,000 to erect a great plant at Gary and it is expending $16,000,000 at Duluth and it has enlarged and expanded its great steel making plant at Milwaukee. It is enlarging its plants in the Shenango and Mahoning Valleys to an extent entirely disproportionate to the percentage of increase of its manufacturing capacity in the Pittsburg community. Why? Because of the freight rates. Because of the discriminations. We cannot compete with those communities out there when they are right in the center of the great body of the population of this country and will therefore be the great centers in which commerce is conducted.

We have got to be awake to our economic conditions. We have been sitting twiddling our thumbs in this community year after year, expecting our city to grow and to go on growing in the same way it did years ago. It will not. The city of Buffalo, the city of Erie, the city of Cleveland, the city of Cincinnati, the city of Dayton, the city of Canton, the city of Parkersburg, the city of Huntington, the city of Covington, the city of Memphis, the city of Nashville, the city of Cairo, all of those cities are sending out through their commerce bodies circulars asking for the location of manufacturers.

What are we doing? I can testify from my personal knowledge that within the last two weeks two manufacturing plants that ought to have been in Pittsburg have gone elsewhere. We are too slow. And our Chamber of Commerce must wake up. It is all well enough to stand here and talk and talk and talk, but you have got to go to the Courts to

get anything. I can remember as Mr. Dempster can, when in 1886 the coal operators of this community had the presidents of every railroad that entered the city at that time in a room over here and they pleaded and submitted facts and submitted figures, and what did they get? They got the cold stare, the chunk of ice. That is just what we will get unless we go straight to the Interstate Commerce Commission. Every time the railroads have been appealed to they shift it over from one to another and you get nothing. You have got to go to law about it, and until you are prepared to do that you will get nothing.

CHAIRMAN STEVENSON: Is there anything further, gentlemen?

(On motion meeting adjourned at 4:40 P. M.)

ADDENDA.

CHESAPEAKE & OHIO TONNAGES.

Showing Growth of Its Western Coal Traffic in Ten years.

	1900	1910
Tidewater and East	2,969,000	7,824,424
West	1,709,743	8,248,868

LAKE COAL TONNAGE.

The shipments from the different districts during the last 10 years are shown in the following tables which, the Pittsburg operators hold, prove how West Virginia has developed at the expense of the Pittsburg district. In 1909, for instance, when the Pittsburg and Ohio shipments fell off, the shipments of West Virginia made a gain, while in 1910 the West Virginia shipments were practically doubled, thus showing the inroads by West Virginia on the Pittsburg market.

Year.	Pittsburg. District.	Ohio. District.	W. Va. District.	Totals.
1901	3,795,706	1,954,825	787,572	6,538,103
1902	4,704,093	2,689,974	965,769	8,359,836
1903	6,092,047	2,458,265	1,539,435	10,089,747
1904	6,058,383	2,138,247	1,279,876	9,476,506
1905	7,443,883	2,062,692	2,109,262	11,615,837
1906	9,287,272	2,560,906	2,743,732	14,591,910
1907	10,549,993	4,074,296	3,420,941	18,045,230
1908	8,700,000	3,600,000	3,450,000	15,750,000
1909	8,687,305	3,002,815	3,874,570	15,564,690
1910	11,911,900	4,297,300	6,629,500	22,838,700

LAKE CARGO COAL RATES.

	Ohio	Pitts.	W. Va.
1899	67½	70	78¾
1900	77½	80	88¾
1901	68	73	81¾
1902	70	73	81¾
1903			
1904			
1905	80	83	91¾
1906			
1907			
1908			
1909	85	88	96¾
1910			

In 1894-5 W. Va. differential over Ohio was 20c; W. Va. differential over Pittsburg was 17½c; present W. Va. differential over Ohio, 11¾c; over Pittsburg, 8¾c.

CHART OF AVERAGE DISTANCES TO LAKE PORTS AND RATES PER TON MILE.

			Mills.
No. 8	$0.85	155 miles	5.48
Pittsburg	.88	160 "	5.50
Fairmont	.97	255 "	3.80
Kanawha	.97	351 "	2.74
New River	1.12	490 "	2.28
Pocahontas	1.12	460 "	2.43
Cabin Creek	.97	453 "	2.14
Island Creek	.97	448 "	2.16
Boomer	.97	320 "	3.03
Thacker	.97	380 "	2.55
Big Sandy	.97	420 "	2.31
Marrowbone	.97	490 "	1.98

ILLINOIS COMMERCIAL RATES TO CHICAGO.

	Old rate.	Rate proposed by R. R.	Rate allowed by R. R. & W. Com.
Springfield Group.			
Average distance, 238 miles....	75 cents	85 cents	82 cents
Per ton per mile.....	3.14 mills	3.57 mills	3.43 mills
Bellevue Group.			
Average distance, 291 miles....	90 cents	100 cents	97 cents
Per ton per mile.....	3.09 mills	3.44 mills	3.33 mills
Harrisburg Group.			
Average distance, 319 miles....	95 cents	107 cents	102 cents
Per ton per mile.....	2.98 mills	3.35 mills	3.20 mills
Southern Illinois Group.			
Average distance, 344 miles....	98 cents	110 cents	105 cents
Per ton per mile.....	2.85 mills	3.20 mills	3.05 mills
Fulton Co. Group.			
Average distance, 193 miles....	75 cents	75 cents	75 cents
Per ton per mile.....	3.88 mills	3.88 mills	3.88 mills
Danville Group.			
Average distance, 147 miles....	67 cents	77 cents	74 cents
Per ton per mile.....	4.56 mills	5.24 mills	5.00 mills

Out of these rates to Chicago the absorption of switching is about 10 cents per ton.

COMPARATIVE FREIGHT RATES ON COAL—SHORT LINE MILEAGE USED.

District	Rate.	Coal.	Destination.	Railroads.	Distance—Miles.	Rate per Ton per Mile.
						Mills.
Pittsburg, Pa.	$1.25	Coml.	Buffalo	Penna.	271	4.61
	1.00	"	Cleveland	P. & L. E.-Erie	135	7.40
	1.90	"	Chicago	Penna.	468	4.06
	1.40	"	Detroit	W. P. T.-W. & L. E.	310	4.51
	*1.85	"	Philadelphia	Penna.	349	5.30
	*2.20	"	New York	"	439	5.01
	† .88	Lake	Ashtabula	"	125	7.04
	† .88	"	Cleveland	P. & L. E.-Erie	135	6.52
	† .88	"	Erie	Penna	146	6.02
Freeport—						
Allegheny Valley	1.10	Coml.	Buffalo	Penna.	242	4.54
Eastern Ohio	.90	"	Cleveland	"	133	6.76
	.90	"	Ashtabula	"	137	6.57
	1.65	"	Chicago	W. & L. E.-L. S. & M. S.	450	3.67
	1.15	"	Detroit	"	266	4.32
	† .85	Lake	Cleveland	Penna.	133	6.39
	† .85	"	Ashtabula	"	137	6.20
Hocking Valley	† .85	"	Toledo	Hocking Valley	186	4.57
(Nelsonville)	1.00	Coml.	Toledo	"	186	5.37
Fairmount	.96⅔	Lake	Lorain	B. & O.	236	4.10
	1.90	Coml.	Chicago	"	444	4.27
	*1.80	"	Philadelphia	"	412	4.36
	*1.80	"	Baltimore	"	316	5.69
	*1.18	Ocean	Baltimore (Between capes)	"	316	3.73
Kanawha	.97	Lake	Toledo	K. & M.-H. V.	317	3.06

COMPARATIVE FREIGHT RATES ON COAL —SHORT LINE MILEAGE USED. — Concluded.

District.	Rate.	Coal.	Destination.	Railroads.	Distance—Miles.	Rate per Ton Mile.
						Mills.
(Dickinson)	1.40	Coml.	Detroit	K. & M.-H. V., M. C.	377	3.71
	1.90	"	Chicago	K. & M.-H. V.-Erie	493	3.85
New River—						
From Thurmond						
Pocahontas	*1.40	"	Newport News	C. & O.	418	3.34
Bluefield	*1.40	"	Norfolk	N. & W.	362	3.86
Pocahontas	2.05	"	Chicago	N. & W.-Penna.	640	3.20
Dickinson and Handley	† .97	Lake	Toledo	C. & O.-K. & M.-H. V.	341	2.81
Thurmond	†1.12	"	Toledo	" " "	366	3.06
Handley	1.00	Coml.	Cincinnati	C. & O.	235	4.25
Thurmond	1.10	"	Cincinnati	C. & O.	274	4.01
Handley	1.90	"	Chicago	C. & O.-C. C. & L.	520	3.65
Thurmond	2.05	"	Chicago	C. & O.-C. C. & L.	559	3.57

*Gross Ton.
†Plus Vessel Loading Charge.

PITTSBURG & LAKE ERIE FREIGHT STATISTICS.

For 10-year Period—1898 to 1907, inclusive.

Freight Density increased	5,267,123	tons	or 125%
Rate per ton mile increased	1.5	mills	or 26%
Average train load increased	550	tons	or 95%
Train Mile Earnings (all trains) increased	$2.91		or 117%
Gross Earnings per Mile increased	49,729		or 176%
Net Earnings per Mile increased	33,131		or 402%
Surplus over fixed Charges per mile increased	32,620		or 825%

COMPARATIVE STATEMENT OF P. & L. E. STATISTICS FOR 10-YEAR PERIOD.

As shown in Moody's Analysis of Railroad Investments, 1909.

Year ending Dec. 31st.	Average miles operated.	Miles Extra Main Track.	Per cent of freight to all Traffic.	Passenger Density.	Freight Density.	Average train load—tons.	Train mile Earnings (all trains).	Average rate per ton per mile.	Gross Earnings per mile.	Net Earnings per mile.	Fixed Charges per mile.	Surplus over Charges.	Dividend—Per cent.	Dividends — Amount per mile.	Balance per mile.	Maintenance of Way per mile.	Maintenance of Equipment per mile.	Conducting Transp., Gen'l Expenses, etc., per mile.
1898	180	98	87	176,111	4,201,290	581	$2.49	.58	$28,202	$8,236	4,381	3,954	10%	2,222	1,732	6,532	3,266	10,168
1899	180	101	87	191,374	4,915,044	642	2.81	.58	32,604	9,405	4,489	5,015	10	2,222	2,793	6,970	4,951	11,298
1900	180	109	89	209,171	5,582,270	736	3.48	.63	39,571	9,319	4,547	4,894	10	2,222	2,672	11,044	7,101	12,107
1901	184	119	88	235,680	5,857,688	758	3.74	.66	43,734	9,724	4,557	5,167	10	2,174	2,993	14,948	5,835	13,227
1902	185	148	90	268,228	7,494,003	791	4.10	.66	54,588	12,090	4,672	7,418	10	2,702	4,716	15,455	8,604	18,439
1903	191	170	90	297,143	7,622,328	951	4.82	.69	59,073	13,058	4,516	8,542	10	4,712	3,830	15,296	12,442	18,277
1904	191	179	88	283,772	6,811,229	1,012	4.60	.67	52,542	12,116	4,507	7,712	10	5,230	2,482	13,329	12,539	14,558
1905	191	189	90	339,526	8,828,236	1,076	5.31	.70	67,213	38,015	4,584	33,789	10	5,230	28,559	6,984	6,682	15,532
1906	191	210	90	389,957	10,186,442	1,141	5.21	.68	75,819	43,042	4,668	38,840	11	5,759	33,181	7,146	6,611	19,020
1907	191	215	90	386,361	9,468,413	1,131	5.40	.73	77,931	41,367	5,045	36,574	12	6,283	30,291	8,253	8,379	19,932

COMPARATIVE TABLE SHOWING CAPITALIZATION, EARNINGS, OPERATING EXPENSES, ETC., VARIOUS COAL CARRYING ROADS.

Taken From Latest Published Reports, Mainly for 1908-9.

Railroads.	Capital.			Earnings.		Operating expenses per mile.	Appropriaton of Gross Rev.			
	Stock per mile.	Bonds per mile.	Total per mile.	Gross per mile.	Net per mile.		Maint. Exp.	Traffic, Transportation etc.	Fixed charges.	For surplus.
B. & O.	$52,991	$67,000	$119,991	$17,743	$5,867	$11,876	26.4%	36.4%	20.0%	17.2%
B., R. & P.	29,049	43,513	72,562	12,627	4,414	8,213	30.3	31.0	25.0	13.7
Erie	79,010	106,111	185,121	21,298	6,643	14,655	28.3	38.4	27.3	6.0
Penna R. R.	79,046	.....	.....	34,245	9,770	24,475	26.7	37.9	16.7	18.7
Penna Co.	42,373	89,769	132,142	27,842	10,228	,17,614	18.8	30.3	33.1	17.8
P. & L. E.*	286,533	54,518	341,111†	90,666	52,243	38,423	‡22.3	29.5	9.1	39.1
B. & L. E.*	56,370	454,340	510,710	38,565	18,228	20,337	25.9	26.8	25.9	21.4
P., B. & L. E.	69,257	85,579	152,836							
C. & A.	40,046	77,629	117,675	12,526	5,102	7,424	19.6	39.2	28.0	13.2
C. & E. I.	16,613	50,547	67,160	10,631	3,452	7,179	24.5	39.4	29.7	6.4
C., B. & Q.	11,941	21,911	33,852	8,556	2,593	5,963	33.6	36.1	14.8	15.5
E. & T. H.	17,002	34,939	51,941	6,755	2,491	4,264	24.3	35.5	32.3	7.9
Illinois Central	24,037	45,316	69,353	11,804	3,355	8,449	30.1	36.1	19.7	14.1
Vandalia	17,671	18,576	36,247	10,353	2,589	7,764	30.0	44.8	16.6	8.6
Wabash	37,238	43,302	80,540	10,286	2,828	7,458	26.2	43.2	30.7	Deficit.
Rock Island	17,918	36,042	53,960	7,623	2,326	5,297	27.0	42.3	27.0	3.7
C., C., C. & St. L.	28,787	35,627	64,414	12,423	2,720	9,703	25.9	51.8	19.4	2.9
L. S. & M. S.	33,091	99,537	132,628	26,449	8,771	17,678	23.1	36.7	20.1	20.1
N. Y., C. & St. L.	57,361	55,920	113,281	18,041	4,625	13,416	20.5	53.4	15.2	10.9
P., C., C. & St. L.	38,119	38,257	76,376	21,001	6,649	14,352	27.2	40.1	19.8	12.9
P., Ft. W. & C.	129,941	11,698	141,639	44,881	15,658	29,223	24.3	39.4	9.6	26.7
T., St. L. & W.	44,346	62,809	107,155	7,602	2,995	4,607	17.4	30.7	30.1	21.8
P., Y. & A.	81,431	25,760	107,191	31,697	.....	.....	.....	.....	.....	.....

‡ 1908. * 1910. † Based on 73 miles; earnings and operating expenses based 191 miles operated.

COMPARATIVE GROSS EARNINGS, SURPLUS AND MILEAGE OF VARIOUS RAILROADS IN PENNSYLVANIA, OHIO, INDIANA AND ILLINOIS.

Railroad.	Gross Earnings.		Surplus.		Mileage.	
	1899	1909	1899	1909	1899	1909
B. & O.	$42,117,405	$71,043,519	$6,907,056	$14,153,248	3,200	4,004
B., R & P.	4,992,147	7,171,897	1,012,952	1,042,422	405	568
Erie	39,102,302	47,514,859	2,823,157	2,974,644	2,156	2,231
Penna. R. R.	72,922,985	136,296,871	11,047,885	28,207,661	2,847	3,980
Penna. Co.	23,603,853	*39,423,796	2,146,931	*9,080,010	1,357	1,416
P. & L. E.	5,875,270	*10,397,843	707,289	*4,083,799	180	191
C. & A.	9,036,655	12,500,682	1,149,742	1,666,261	910	998
C. & E. I.	5,148,897	10,269,619	990,372	695,171	674	966
C., B. & Q.	47,535,420	79,414,357	7,928,761	12,338,136	7,540	*9,282
E. & T. H.	1,393,943	2,093,997	145,749	175,166	162	310
Illinois Central (1902)	45,186,077	53,672,336	10,729,393	8,183,836	4,293	4,547
Vandalia (1904)	8,261,782	8,582,670	1,005,052	739,572	824	829
Wabash (1904)	23,023,077	25,868,033	1,034,398	33,656	2,517	2,515
Rock Island (1904)	44,969,491	61,184,887	2,533,085	2,246,619	7,205	8,026
C. C. C. & St. L.	16,806,851	*24,621,661	2,273,982	708,799	1,891	*1,982
L. S. & M. S.	23,013,946	*39,964,858	5,057,261	8,968,269	1,413	*1,511
N. Y. C. & St. L.	6,919,985	*9,435,557	328,644	1,030,909	523	*523
P. C. C. & St. L.	21,196,817	*30,912,886	.....	.....	1,403	1,472
P., Ft. W. & C. (1904)	19,088,168	21,139,153	.....	.....	470	471
T., St. L. & W.	1,940,378	3,428,644	.....	938,295	451	451

* 1908.

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